

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

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JUN 29 2004

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Government Name ACW & Village of Unionville Fire Department		County Tuscola
Audit Date 3/31/04	Opinion Date 5/10/04	Date Accountant Report Submitted to State 6/23/04		

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☒ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			<input checked="" type="checkbox"/>
Reports on individual federal financial assistance programs (program audits).			<input checked="" type="checkbox"/>
Single Audit Reports (ASLGU).			<input checked="" type="checkbox"/>

Certified Public Accountant (Firm Name) Nietzke & Faupel, P.C., CPA			
Street Address 41 East Main Street		City Sebewaing	State MI
Accountant Signature <i>Jo Ann E. Labie</i>		ZIP 48759	Date 6/23/04

**AKRON, COLUMBIA,
WISNER TOWNSHIPS, AND
VILLAGE OF UNIONVILLE
FIRE DEPARTMENT
UNIONVILLE, MICHIGAN**

**FINANCIAL REPORT
MARCH 31, 2004**

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**AKRON, COLUMBIA, WISNER TOWNSHIPS, AND
VILLAGE OF UNIONVILLE FIRE DEPARTMENT**

**UNIONVILLE, MICHIGAN
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**AKRON, COLUMBIA, WISNER TOWNSHIPS, AND
VILLAGE OF UNIONVILLE FIRE DEPARTMENT**

**BALANCE SHEET
March 31, 2004**

		ACCOUNT GROUPS		
	GOVERNMENTAL	GENERAL	GENERAL	TOTALS
	FUND TYPE	FIXED	LONG-TERM	(MEMORANDUM)
	GENERAL	ASSETS	DEBT	ONLY
ASSETS				
Cash in bank - Insured by FDIC	\$ 21,300			\$ 21,300
Accounts receivable - Fire runs	2,150			2,150
Prepaid insurance	9,751			9,751
Restricted assets:				
Certificates of deposit - Insured by FDIC	9,294			9,294
General fixed assets		\$ 413,419		413,419
Amount to be provided for retirement of general long-term debt			\$ 125,724	125,724
TOTAL ASSETS	<u>\$ 42,495</u>	<u>\$ 413,419</u>	<u>\$ 125,724</u>	<u>\$ 581,638</u>
LIABILITIES AND FUND EQUITY				
LIABILITIES:				
Accounts payable	\$ 484			\$ 484
Lease payable			\$ 125,724	125,724
TOTAL LIABILITIES	<u>484</u>		<u>125,724</u>	<u>126,208</u>
Fund equity:				
Investment in general fixed assets		\$ 413,419		413,419
Fund balance:				
Undesignated	32,717			32,717
Designated for equipment purchases	9,294			9,294
TOTAL FUND EQUITY	<u>42,011</u>	<u>413,419</u>		<u>455,430</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 42,495</u>	<u>\$ 413,419</u>	<u>\$ 125,724</u>	<u>\$ 581,638</u>

The accompanying notes are an integral
part of the financial statements.

**AKRON, COLUMBIA, WISNER TOWNSHIPS, AND
VILLAGE OF UNIONVILLE FIRE DEPARTMENT**

**STATEMENT OF REVENUE, EXPENDITURES AND
CHANGE IN FUND BALANCE-BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED MARCH 31, 2004**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
REVENUE:			
Assessments:			
Village of Unionville	\$ 12,855	\$ 12,855	
Township of Akron	30,540	30,540	
Township of Columbia	36,266	36,266	
Township of Wisner	8,589	8,589	
Fire runs	5,000	6,968	\$ 1,968
Interest income	400	344	(56)
Miscellaneous income	100		(100)
TOTAL REVENUE	<u>93,751</u>	<u>95,562</u>	<u>1,811</u>
EXPENDITURES:			
Wages	7,250	6,003	1,247
Taxes - FICA	585	459	126
Mileage	200	69	131
Operating supplies	450	234	216
Memberships and dues	175	175	
Telephone	550	506	44
Gasoline	750	632	118
Insurance	12,700	14,054	(1,354)
Utilities	3,150	3,990	(840)
Repairs and maintenance	7,510	1,594	5,916
Education and training	1,750	1,073	677
Capital outlay	46,977	169,846	(122,869)
Office supplies	350	76	275
Audit fee	400	175	225
Miscellaneous	1,738	1,520	218
TOTAL EXPENDITURES	<u>84,535</u>	<u>200,406</u>	<u>(115,871)</u>
EXCESS OF REVENUE OVER UNDER EXPENDITURES	<u>9,216</u>	<u>(104,844)</u>	<u>(114,060)</u>
OTHER FINANCING SOURCES			
Proceeds from long-term debt		125,724	125,724
EXCESS OF REVENUE AND OTHER SOURCES OVER EXPENDITURES	<u>9,216</u>	<u>20,880</u>	<u>11,664</u>
FUND BALANCE-APRIL 1	<u>21,131</u>	<u>21,131</u>	
FUND BALANCE-MARCH 31	<u>\$ 30,347</u>	<u>\$ 42,011</u>	<u>\$ 11,664</u>

The accompanying notes are an integral
part of the financial statements.

**AKRON, COLUMBIA, WISNER TOWNSHIPS, AND
VILLAGE OF UNIONVILLE FIRE DEPARTMENT**

**NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2004**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Reporting Entity:

In evaluating how to define the Fire Department for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basic--but not the only--criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability for fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the Fire Department is able to exercise oversight responsibilities. Based upon the application of these criteria, the Fire Department has no oversight responsibility for any other governmental entity since no other entities are considered to be controlled by or dependent on the Fire Department.

Basis of Accounting:

Basis of accounting refers to when revenue and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenue are recognized when they become measurable and available as net current assets. Miscellaneous revenue is recorded when received in cash because it is generally not measurable until actually received. Revenue is accrued when the receipt occurs soon enough after the end of the accounting period so as to be both measurable and available.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Exceptions to this general rule include principal and interest on general long-term debt which is recognized when due.

"Total - (Memorandum Only)":

The "Memorandum Only" total column represents the aggregate total of the various columnar statements by fund types and account groups. This total column is not comparable to a consolidation and, therefore, does not present consolidated information.

**AKRON, COLUMBIA, WISNER TOWNSHIPS, AND
VILLAGE OF UNIONVILLE FIRE DEPARTMENT**

**NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2004**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Budget and Budgetary Accounting:

The Fire Department Board follows these procedures in establishing the budgetary data reflected in the financial statements:

1. In accordance with the Fire Department Charter, prior to March 31, the Fire Chief submits to the Fire Department Board a proposed operating budget for the fiscal year commencing the following April 1. The operating budget includes proposed expenditures and the means of financing them for the upcoming year, along with estimates for the current year.
2. Public hearings are conducted to obtain taxpayer comment.
3. Prior to March 31, the budget is legally enacted through passage of a resolution.
4. The budget for the General Fund is adopted on a basis consistent with generally accepted accounting principles (GAAP).
5. Appropriations lapse at the end of each fiscal year.
6. The Fire Department Board may authorize supplemental appropriations during the year. No amendments were made to the budget.

During the year ended March 31, 2004, the Fire Department incurred expenditures in certain budgetary funds which were in excess of the amounts appropriated as follows:

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
GENERAL FUND	\$ 84,535	\$ 200,406	\$ 115,871

Restricted Assets:

These assets consist of certificates of deposit designated for future equipment purchases.

Designated Fund Balance:

The Fire Department Board has designated a portion of the fund balance for future equipment purchases.

NOTE 2 - GENERAL FIXED ASSETS:

General fixed assets have been acquired for general governmental purposes. Assets purchased are recorded as expenditures in the governmental fund and capitalized at cost in the General Fixed Assets Account Group. Contributed fixed assets are recorded as general fixed assets at estimated fair market value at the time received.

The general fixed assets are recorded at actual cost or estimated historical cost.

**AKRON, COLUMBIA, WISNER TOWNSHIPS, AND
VILLAGE OF UNIONVILLE FIRE DEPARTMENT**

**NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2004**

NOTE 2 - GENERAL FIXED ASSETS: (CONTINUED)

General fixed assets purchased are owned proportionately by all units according to the share which each has contributed towards the cost. Title to such general fixed assets is in the name of the Akron, Columbia, Wisner Townships and Village of Unionville Fire Department. General fixed assets consists of the following equipment:

	<u>April 1, 2003</u>	<u>Additions</u>	<u>March 31, 2004</u>
Engine I 1980 Ford I Pumper	\$73,533		\$73,533
Tanker	25,800		25,800
Squad I	9,000		9,000
Engine II 1962 Ford Pumper	16,479		16,479
Navistar Cabover	11,825		11,825
Emergency One Pumper		\$165,899	165,899
Additional Equipment	<u>106,937</u>	<u>3,946</u>	<u>110,883</u>
Total	<u>\$243,574</u>	<u>\$ 169,845</u>	<u>\$413,419</u>

NOTE 3 - LONG-TERM DEBT:

Capital Lease

March 31,
2004

Capital lease payable to Emergency One, Inc. dated June 16, 2003 for the acquisition of an Emergency One Tradition Pumper. A principal payment of \$40,175 was made on June 16, 2003. Principal and interest payments are due in ten annual payments of \$16,124 beginning June 16, 2004 and ending June 16, 2013. The lease bears a fixed interest rate of 4.8% per annum.

\$ 125,724

(CONTINUED)

**AKRON, COLUMBIA, WISNER TOWNSHIPS, AND
VILLAGE OF UNIONVILLE FIRE DEPARTMENT**

**NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2004**

NOTE 4 - RISK MANAGEMENT:

General Liability:

ACW Fire Department purchased commercial insurance for all general liability coverage.

Worker's Compensation:

ACW Fire Department participates in the Accident Fund Company, which is a commercial insurance company for the coverage of losses related to worker's compensation claims. The participation in the company constitutes transfer of the risk for significant losses with a coverage limit of \$500,000.



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CPA's On Your Team

REPORT OF INDEPENDENT AUDITORS

To the Fire Board
Akron, Columbia, Wisner Townships,
and Village of Unionville Fire Department
Unionville, Michigan

We have audited the financial statements of the Akron, Columbia, Wisner Townships and Village of Unionville Fire Department, Unionville, Michigan as of March 31, 2004, and for the year then ended. These financial statements are the responsibility of the Akron, Columbia, Wisner Townships, and Village of Unionville Fire Department, Unionville, Michigan management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Akron, Columbia, Wisner Townships, and Village of Unionville Fire Department, Unionville, Michigan as of March 31, 2004, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Nietzke & Faupel, PC
NIETZKE & FAUPEL, P.C.
SEBEWAING, MICHIGAN

May 10, 2004